

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

FTX TRADING LTD., *et al.*,¹

Debtors.

Chapter 11

Case No. 22-11068 (JTD)

(Jointly Administered)

Hearing Date: February 27, 2025 at 10:00 a.m. (ET)

Objection Deadline: February 7, 2025 at 4:00 p.m. (ET)

**OMNIBUS MOTION OF THE FTX RECOVERY TRUST
TO SUBSTITUTE PLAINTIFFS IN ADVERSARY PROCEEDINGS**

Pursuant to Federal Rule of Civil Procedure 25, made applicable by Federal Rule of Bankruptcy Procedure 7025, the Consolidated Wind Down Trust (the “FTX Recovery Trust”) respectfully moves this Court for an order, substantially in the form attached hereto as Exhibit A (the “Proposed Order”), substituting the FTX Recovery Trust as the plaintiff for any Debtor in the adversary proceedings listed in Exhibit 1 to the Proposed Order (the “Adversary Proceedings”). In support of the motion (the “Motion”), the FTX Recovery Trust respectfully states as follows:

1. On October 8, 2024, the Court entered an order (the “Confirmation Order”) confirming the *Second Amended Joint Chapter 11 Plan of Reorganization of FTX Trading Ltd. and Its Debtor Affiliates* [D.I. 26404] (the “Plan”), which became effective on January 3, 2025 [D.I. 29127] (the “Effective Date”).²

¹ The last four digits of FTX Trading Ltd.’s and Alameda Research LLC’s tax identification number are 3288 and 4063, respectively. Due to the large number of debtor entities in these Chapter 11 Cases, a complete list of the Debtors and the last four digits of their federal tax identification numbers is not provided herein. A complete list of such information may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/FTX>. The principal place of business of Debtor Emergent Fidelity Technologies Ltd is Unit 3B, Bryson’s Commercial Complex, Friars Hill Road, St. John’s, Antigua and Barbuda.

² Capitalized terms not defined herein shall have the meaning attributed to them in the Plan.

2. The Plan and Confirmation Order provide that, on the Effective Date, all of the Debtors' interests in the Adversary Proceedings were transferred to the FTX Recovery Trust. Specifically, the Plan states in relevant part that, as of the Effective Date, "each Cause of Action that is a Plan Asset shall be preserved and, along with the exclusive right to enforce such Cause of Action, shall vest exclusively in the Wind Down Entities." Plan § 5.17; *see also* Confirmation Order ¶ 51. "Cause of Action" in the Plan as defined covers any and all claims and causes of action, including "any Avoidance Action," which is cross-defined as "any and all Causes of Action to subordinate, avoid or recover a transfer of property or an obligation incurred by any of the Debtors pursuant to any applicable section of the Bankruptcy Code, including, but not limited to, sections 105(a), 502(d), 510, 542, 544, 545, 547, 548, 549, 550, 551, 553(b) and 724(a) of the Bankruptcy Code, or under any similar or related local, state, federal or foreign statutes or common law."

3. Federal Rule of Civil Procedure 25(c) permits substitution of parties, and the continuation of an action, where an "[i]nterest is transferred." *See* Fed. R. Civ. P. 25(c). Pursuant to Rule 25(c), "[i]f an interest is transferred, the action may be continued by or against the original party, unless the court, on motion, orders the transferee to be substituted in the action." A "transfer of interest" occurs when one entity becomes the successor to the interest the original entity had in the lawsuit. *In re Northwestern Corp.*, 2006 WL 2849776, at *1 (D. Del. 2006) (citations omitted).

4. Courts have routinely found that Rule 25(c) substitution is appropriate where bankruptcy causes of action are transferred. *See e.g., Hutchinson v. Del. Sav. Bank FSB*, 410 F. Supp. 2d 374, 382 (D.N.J. 2006) ("When, as here, Plaintiffs' causes of action vest in the

bankruptcy trustee after the initiation of the lawsuit, Rule 25(c) ensures that the proper person litigates the claims.”).

5. The conduct of the Adversary Proceedings will be facilitated by substituting the FTX Recovery Trust in as the plaintiff for the Debtors in the Adversary Proceedings. *See Luxliner P.L. Exp., Co. v. RDI/Luxliner, Inc.*, 13 F.3d 69, 72 (3d Cir. 1993) (Rule 25(c) is a “procedural device designed to facilitate the conduct of a case.”). As of the Effective Date, pursuant to the Plan and the Confirmation Order, the FTX Recovery Trust now has the interest in the underlying disputes and the exclusive right to prosecute those actions, and their administration will be facilitated by allowing the Adversary Proceedings to proceed with only those parties who have an interest in the litigation, and removing the prior plaintiffs who have assigned their interests.

NOTICE

6. Notice of this Motion has been provided to: (a) the Office of the United States Trustee; (b) counsel to the defendants who have appeared in the Adversary Proceedings; (c) defendants in the adversary proceedings where service of the relevant complaint has been effectuated; and to the extent not listed herein, (d) those parties requesting notice pursuant to Bankruptcy Rule 2002. The FTX Recovery Trust submits that, in light of the nature of the relief requested, no other or further notice need be provided.

CONCLUSION

WHEREFORE, for the reasons set forth herein, the FTX Recovery Trust respectfully requests that the Court (a) enter the Order, substantially in the form attached hereto as Exhibit A, and (b) grant such other and further relief as is just and proper.

Dated: January 24, 2025
Wilmington, Delaware

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